

Message Text

SECRET

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70/11

ACTION EA-13

INFO OCT-01 SS-14 ISO-00 INR-10 INRE-00 L-02 EB-03 SP-01

PRS-01 SSO-00 AGR-03 COME-00 TRSE-00 LAB-01 STR-01

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 4018

S E C R E T MANILA 6556

(C O R R E C T E D C O P Y--STADIS CAPTION REMOVED)

LIMDIS

FOR HUMMEN AND ALDRICH

E.O. 11652: GDS

TAGS: ETRD, EGEN, RP, US

SUBJECT: ECONOMIC NEGOTIATIONS; PHILIPPINE TRADE BARRIERS TO
EXPORTS OF AGRICULTURAL PRODUCTS

REF: MANILA 6320

1. IN JUNE 3 REVIEW OF SEVERAL ISSUES, ARNOLD DISCUSSED
RECENT PHILIPPINE ACTIONS TO LOWER DUTY ON SOY BEAN
OIL WITH TRADE SECRETARY QUIAZON. QUIAZON INDICATED
THAT DUTY CHANGES WERE INTENDED AS A LONG-RUN EFFORT
TO INDUCE; HIGHER PHILIPPINE CONSUMPTION OF EDIBLE OILS
SUCH AS SOYBEAN OIL IN LOWER PRICE RANGE, AND SAID BASIS
THIS LONG-TERM POLICY IS PHILIPPINE READING THAT COCONUT
OIL AND COPRA WILL BE IN SECULAR SHORT SUPPLY DUE DECLINING
EXPORTS FROM INDONESIA, FALTERING EXPORTS FROM SRI LANKA
AND SUSTAINED INDUSTRIAL DEMAND.

2. ARNOLD SUGGESTED THAT PHILIPPINES MIGHT WISH CONSIDER
COTTONSEED OIL AS ADDITIONAL SUBSTITUTE AND MIGHT CONSIDER
DUTY RATES IN LINE WITH THOSE IMPOSED ON SOYBEAN OIL.
178AZON SAID HE WOULD GIVE THIS IMMEDIATE ATTENTION AND
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WELCOMED POSSIBILITY THAT ANOTHER RELATIVELY LOW COST

SUBSTITUTE FOR COCONUT OIL MIGHT BE READILY AVAILABLE.

3. COMMENT: WE BELIEVE THAT THERE IS A REAL PROSPECT IN THIS SITUATION FOR BOTH BINDING AND POSSIBLY FURTHER REDUCING THE DUTY RATES ON U.S. EDIBLE OILS INTO THE PHILIPPINES. IT ALSO APPEARS IMMINENTLY POSSIBLE THAT SUCH A BINDING COULD BE EASILY ACHIEVED, EITHER AS EXPLICIT OR IMPLICIT TRADEOFF FOR ALIGNING U.S. DUTY ON COCONUT OIL WITH PALM OIL AS REQUESTED BY GOP. IN NEXT FEW DAYS GOP MAY IN ANY CASE LOWER DUTY ON COTTONSEED OIL AS DOMESTIC PRICE MOVE. SULLIVAN

NOTE: STADIS CAPTION DELETED, PER MR WILNER EA 6/4/74

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Message Attributes

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